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PENNSYLVANIA and AMERICAN
HOME ASSURANCE COMPANY

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH,
PENNSYLVANIA, a corporation and
AMERICAN HOME ASSURANCE
COMPANY, a corporation

Plaintiffs,

vs.

ELECTRIC TRANSIT INCORPORATED, an
Ohio corporation and joint venture of SKODA,
a.s., and AAI CORPORATION, a Maryland
corporation, SKODA, a.s., SKODA OSTROV,
s.r.o., a corporation, AAI CORPORATION, a
corporation, and CZECH EXPORT BANK, a
corporation,

Defendants.

AAI CORPORATION,

Counterclaim Plaintiff,

vs.

NATIONAL UNION FIRE INSURANCE
COMPANY OF PITTSBURGH,
PENNSYLVANIA, AMERICAN HOME
ASSURANCE COMPANY,

Counterclaim Defendants.

Civil Action No. C 04 3435 JSW

**JOINT STATUS REPORT AND
PROPOSED ORDER**

**Complaint Filed: August 19, 2004
Courtroom: Hon. Jeffrey S. White**

AAI CORPORATION,
 Third-Party Plaintiff,
 vs.
 AMERICAN INTERNATIONAL GROUP,
 INC.
 Third-Party Defendant.

Pursuant to the order of the Court, the parties submit this Joint Status Report concerning the above-captioned litigation.

1. Motions to Dismiss in Favor of Arbitration

Skoda Ostrov s.r.o. will not be interposing an arbitration defense in this lawsuit. Notice of this fact was delivered to all parties making the unfiled motion moot.

2. Brief Description of Discovery Conducted to Date.

The parties have engaged in extensive document production, including the production of hundreds of thousands of pages of both hard copy and electronic documents.

Given the document intensive nature of the case and in the interest of efficiency, the parties agreed not to pursue deposition discovery until the exchange and review of documents was substantially complete.

While there have been several disputes between the parties concerning document production issues, the parties to date have made their best efforts to avoid having to file discovery motions. All parties reserve the right to file discovery motions if their continued good faith efforts to resolve the disputes without the Court's involvement are not successful.

3. Joint Request to Modify the Provision of the Case Management Conference Order.

Because of the unanticipated length of time that it took to complete the exchange of archived electronic evidence and the anticipated time necessary to properly review that evidence, the parties respectfully request that the Court modify the Case Management Conference Order to include the following dates:


- (a) Last date to complete ADR: September 29, 2006.
- (b) Close of fact discovery: September 29, 2006.
- (c) Last day to file dispositive motions: November 15, 2006.
- (d) Pre-trial conference: January 29, 2007, at 2:00 p.m.
- (e) Jury trial: March 12, 2007, at 8:30 a.m.

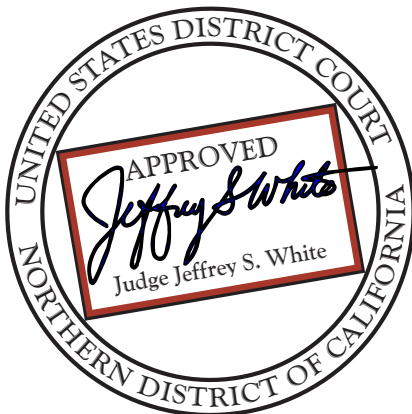
The foregoing requested changes to the Case Management Conference Order were selected to attempt to track the time periods and dates established by the Court in the original order with a three month continuance.

DATED: January 13, 2006

Respectfully submitted,

ROBINS, KAPLAN, MILLER & CIRESI L.L.P.

By: 
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Assurance Company and Third-Party Defendant
American International Group, Inc.*

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22 **DATED:** January 13, 2006

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Attorneys for Defendant

*Counsel for Defendant Electric Transit Incorporated***MODIFICATIONS TO CASE MANAGEMENT ORDER**

The Joint Status Report requesting a modification to the Case Management Order is granted. The court orders the following:

Dated: _____

Jeffrey S. White

Judge of the United States District Court